



GARY R. HERBERT  
Governor

SPENCER J. COX  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

July 8, 2015

CERTIFIED RETURN RECEIPT  
7013 3020 0002 3659 5699

Roger Davies  
Davies, Wingle & Davies Inc.  
2158 North 700 West  
Clinton, Utah 84015

Subject: Review of Reclamation Surety, Davies, Wingle & Davies, Inc., Dugway Pass Mine;  
S/023/0091; Juab County, Utah

Dear Mr. Davies:

The last surety estimate for the Dugway Pass Mine was done in 2009 and escalated to 2014 dollars. The surety amount needs to be adjusted to account for changes in reclamation costs.

Based on average reclamation costs, the surety amount needs to be increased from \$25,200.00 to \$36,400.00 (three year escalation) or \$37,000/00 (five year escalation). The average reclamation costs are outlined below:

<b>Small Mine Operation (1-5 acres) Bond Calculation Worksheet</b>			
<b>(Operation Name) S/023/0091</b>			
<b>3-year escalation (2018)</b>			
<b>Item</b>	<b>Qty</b>	<b>Unit Cost</b>	<b>Total Cost</b>
1st Acre Disturbance	1	\$8,000.00	\$8,000.00
Add'l Acres Disturbance	4	\$5,000.00	\$20,000.00
Additional Mob/demob >50 miles	3	\$2,800.00	\$8,400.00
<b>TOTAL</b>			<b>\$36,400.00</b>
<b>5-year escalation (2020)</b>			
<b>Item</b>	<b>Qty</b>	<b>Unit Cost</b>	<b>Total Cost</b>
1st Acre Disturbance	1	\$8,200.00	\$8,200.00
Add'l Acres Disturbance	4	\$5,100.00	\$20,400.00
Additional Mob/demob >50 miles	3	\$2,800.00	\$8,400.00
<b>TOTAL</b>			<b>\$37,000.00</b>



Roger Davies  
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The Division recognizes this is a substantial increase, and the primary reason is the addition of increased mobilization costs because of the remoteness of the site.

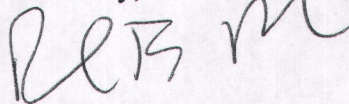
Please contact the minerals program bond coordinator, Penny Berry, at 801-538-5291 or by e mail at penny [berry@utah.gov](mailto:berry@utah.gov) for information about submitting the additional surety. Your current surety is in the form of a letter of credit. You may submit an amended letter of credit or a new letter of credit, a certificate of deposit, cash, or a corporate surety bond for either the increase or the full amount of the surety.

As an alternative to increasing the surety amount, the reclamation liability can be decreased by reclaiming a portion of the site and amending the Notice of Intention to Commence Small Mining Operations to show the decreased acreage. If you decide to pursue this option, please contact the lead inspector, Wayne Western, at 801 538-5263. The Division would need to continue to hold adequate surety for the reclaimed area while vegetation is becoming established.

**Please provide the additional surety or perform the reclamation no later than September 11, 2015.**

Thank you for your help in keeping the surety current. Please contact Wayne Western at 801-538-5263 if you have any questions concerning this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'PBB m', is written over the typed name.

Paul B. Baker  
Mining Program Manager

PBB:whw:pb  
cc: [wstokes@utah.gov](mailto:wstokes@utah.gov)  
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